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Date: 04/29/2011

GAIN Report Number: CA11023

Canada

Post: Ottawa

2011 Canadian March Seeding Intentions Survey Results

Report Categories:

Agricultural Situation

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Report Highlights:

The results of Canada's 2011 Planting Intentions Surveys were released on April 26, 2011. The limitations that the current cool, wet conditions impose are reflected in the survey results. The survey suggests a shift away from smaller crops such as edible beans and sunflowers which do not do well in wetter conditions, and a shift towards grain crops, canola, and soybeans which are unaffected by, or well-suited to, wetter, cooler spring conditions. Farmers report intentions to increase wheat, barley, corn, and oats production above 2010 levels by 17.4%, 13.4%, 7.0% and 39.2%, respectively. Canadian farmers also report intentions to seed 14.3%, 2.5% and 30.8% more area to canola, soybeans, and flaxseed in 2011 compared to 2010 area. Over the longer term, three trends are reinforced by these data: (1) buoyed by strong prices and improving yields, oilseed area continues on the upswing; (2) in contrast, strong prices are not sufficient to boost area planted to grains; and (3) summer fallow area continues a strong, downward trend.

2011 Canadian March Planting Intentions Survey Results:

On April 26, 2011, Statistics Canada released the results the March Planting Intentions of Principle Crop Areas which provides the first quantitative assessment of what Canadian farmers are thinking about planting this spring. The results are based on the responses to the March 2011 Farm Surveys which were carried out March 24 to March 31. The survey results are based on a sample size of 12,600 farms. The response rate is approximately 80%. Survey results for the principle field crops are presented in the table and graphic below:

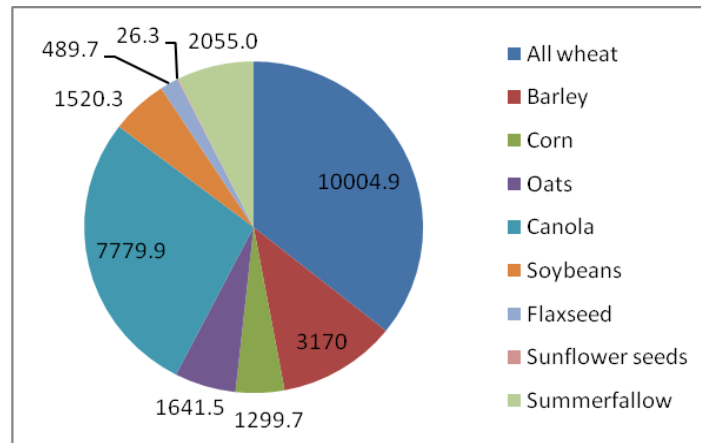
Table 1: Results of 2011 Planting Intentions Surveys; in thousand hectares:

Canada	2011 Seeding Intentions	2010 Seeded Area	% Change From 2010 Seeded Area
Wheat, excluding durum	7,961.3	7,249.4	9.8%
Wheat, durum	2,043.6	1,274.8	60.3%
All wheat	10,004.9	8,524.2	17.4%
Barley	3,170	2,796.6	13.4%
Corn	1,299.7	1,214.3	7.0%
Oats	1,641.5	1,178.9	39.2%
Total Grains:	16,116.1	13,714.0	17.5%
Canola	7,779.9	6,806.1	14.3%
Soybeans	1,520.3	1,483.0	2.5%
Flaxseed	489.7	374.3	30.8%
Sunflower seeds	26.3	54.6	-51.8%
Total Oilseeds:	9,816.2	8,718.0	12.6%
Summer Fallow:	2055.0	4698.0	-56.3%

Source: [Statistics Canada](#)

Weather remains the dominant factor in Canadian agricultural producers' decision making process this spring. Seeding in Western Canada is expected to be delayed a minimum of two weeks as farmers wait for the saturated fields to dry enough for seeding equipment. Heavy rains in the fall of 2010 saturated the fields, and average to heavy snowpacks in much of Western Canada have compounded the problem. In the east, April has delivered more precipitation than normal but should not result in any major delays. Both Eastern and Western Canada are experiencing a cool spring. The limitations that the cool, wet conditions impose are reflected in the planting intentions survey results. The survey results suggest a shift away from smaller crops such as edible beans and sunflowers which do not do well in wetter conditions, and a shift toward grain crops, canola, and soybeans which are unaffected by or well-suited to wetter, cooler spring conditions.

Figure 1: 2011 Seeding Intentions at a Glance; area in thousand hectares:



Source: [Statistics Canada](#)

Seeding Intentions for Wheat, Barley, Corn, and Oats:

Table 2: Comparison of 2011 Grain Seeding Intentions with 5-Year Average of Area Seeded; in thousand hectares

Canada	2011 Seeding Intentions	Seeded Area: 5-Year Average	% Change from 5-Year Average Seeded Area
All wheat	10,004.9	9,593.7	4.3%
Barley	3,170	3,669.4	-13.6%
Corn	1,299.7	1,228.1	5.8%
Oats	1,641.5	1,697.7	-3.3%
Total Grains:	16,116.1	16,188.9	-0.4%

Source: [Statistics Canada](#)

Grain crops such as wheat, barley, and oats are likely to be unaffected by the cool spring, however there is a danger that delayed planting past May 25 will result in delayed maturity and poorer crop quality. Farmers report intentions to increase wheat, barley, corn, and oats production above 2010 levels by 17.4%, 13.4%, 7.0% and 39.2%, respectively. While this may seem like a significant increase, it is important to note that for wheat this would represent a small, 4.3%, increase from the 5-year average for area seeded to wheat. It also represents a decrease of 13.4% and 7.0% for barley and oats, respectively, from the 5-year average for area seeded to barley and oats. Environmental conditions in 2010 resulted in a large portion of the Canadian wheat being downgraded to feed wheat. A higher than average carry-over of feed grains is likely moderating producers' enthusiasm for planting barley or oats. Also of note, the survey results also suggest that area seeded to durum will increase over 60% above 2010 area seeded. This is likely due to the need to rebuild stocks which have fallen significantly due to 2010 production problems. The major corn producing areas in Canada were largely unaffected by the inclement weather affecting Western Canada in 2010. It is the high prices due to low U.S. stocks that

may be encouraging Canadian farmers to increase corn production area by almost 6% over 2010 area seeded to corn. Producer planting survey results suggest that total area planted to grains (wheat, barley, corn and oats) will remain close to the 5-year average.

Seeding Intentions for Canola, Soybeans, Flaxseed and Sunflower Seed:

Table 3: Comparison of 2011 Oilseeds Seeding Intentions with 5-Year Average of Area Seeded; in thousand hectares

Canada	2011 Seeding Intentions	Seeded Area: 5-Year Average	% Change from 5-Year Average Seeded Area
Canola	7,779.9	6,246.7	24.5%
Soybeans	1,520.3	1,299.5	17.0%
Flaxseed	489.7	613.5	-20.2%
Sunflower seed	26.3	68.0	-61.3%
Total Oilseeds:	9,816.2	8,227.6	19.3%

Source: [Statistics Canada](#)

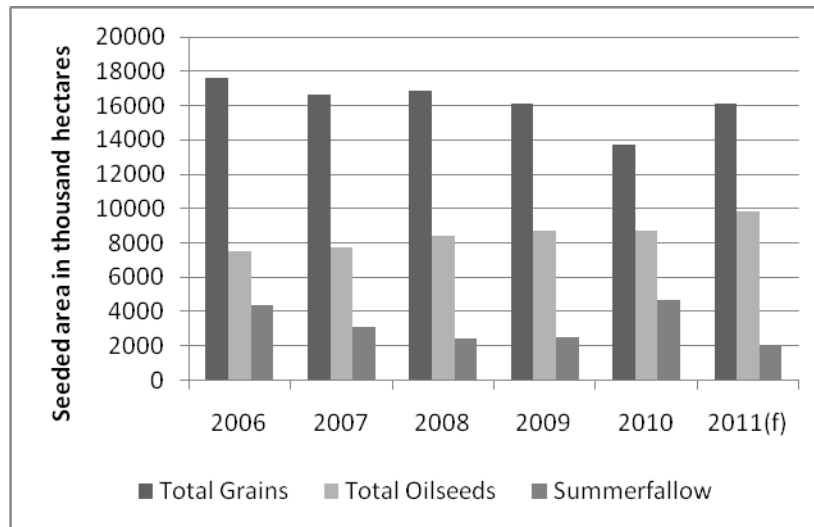
Survey results reveal that Canadian farmers' interest in planting oilseeds remains strong. Canadian farmers report intentions to seed 14.3%, 2.5% and 30.8% more area to canola, soybeans, and flaxseed in 2011 compared to 2010 area. Strong demand for oilseeds, and the fact that canola and soybeans are likely to be unaffected by the cool wet spring are likely the principle drivers behind this increase in area. For canola, this represents close to a 25% area increase over the 5-year average area seeded to canola and a new record high. For soybeans this represents a 17% area increase above the 5-year area seeded to soybeans. Rising input costs may also be causing farmers to favorably consider planting soybeans since they require little phosphate and no nitrogen. For flaxseed and sunflower seed, the 2011 seeding intentions represents a decrease of 20.2% and 61.3% from the 5-year average. This decrease is likely due in part to the environmental limitations, costly marketing requirements for Canadian flaxseed by Europe, and more attractive prices to be had by planting canola.

Seeding Trends for Total Grains, Total Oilseeds, and Summer Fallow:

Seeding intentions confirm some farm groups concerns that the lack of productivity gains in the grains crops are resulting in a decreasing share of area being seeded to wheat, barley and oats. Several lobby groups, including the Canada Grains Council, have been calling on government to put more funding into grains research in order to remedy the situation. The Canadian Barley Growers Association has met with the Canadian Minister of Agriculture to discuss ways in which to improve the productivity of barley. The Canadian Wheat Board also stated that research to improve the productivity of wheat would be a positive thing, but added that this could be done through traditional genetics and not necessarily require biotechnology. Over the last five years, area seeded to oilseeds has grown 16% from 7.53 million hectares in 2006 to 8.72 million hectares in 2010. In contrast, area seeded to grains has steadily decreased over the last five years, falling 22% from 17.59 million hectares in 2006 to 13.71 million hectares in 2010. If the 2011 area intended for wheat is used (since 2010 may not be a representative due to the exceptional environmental conditions), area seeded to grains will still have fallen 8% since

2006. Strengthened grain and oilseed prices over the last 5-years have meant that a decreasing amount of agricultural land is being left fallow. Summer fallow fell 42% between 2006 and 2009 and is expected to fall even lower in 2011.

Figure 2: Trends of Grains, Oilseeds and Summer Fallow Seeded Area (years 2006-2011(f)); in thousand hectares



Source: [Statistics Canada](#)